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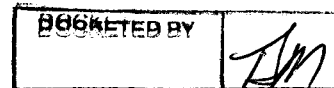
Renewable Energy Markets Association
Before the Arizona Corporation Commission

DOCKETED

JUN 21 2013

COMMISSIONERS

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In the matter of the applications of Arizona Public Service Company and Tucson Electric Power for approval of Track and Monitor for compliance with the state's REST rules

Docket No: E-01345A-10-0394✓

Docket No: E-01345A-12-0290✓

Docket No: E-0933A-12-0296✓

Docket No.: E-04204-12-0297

The Renewable Energy Markets Association (REMA) appreciates the opportunity to again provide comments on the Track and Monitor proposal before the Commission regarding Arizona Public Service Company (APS) and Tucson Electric Power's (TEP) Green Power Rate Schedules (Docket No: E-01345A-10-0394).

As REMA has disclosed in its past three submissions to the Commission, any form of REST compliance where a utility claims renewable generation without providing compensation for the REC to the owner of the facility deprives those generators of valued property. The current iteration of REC-less compliance, "Track and Monitor," has not been shown to ensure that generators will maintain ownership of RECs and the embodied attributes produced through on-site systems they own.

There is a market for RECs in Arizona, for both generators and purchasers. The Center for Resource Solutions (CRS) reported in comments to the Commission dated May 31, 2013, that Arizona had, "approximately 2,986 residential customers and 146 non-residential customers purchase renewable energy in the voluntary market, and Arizona renewable generators generated nearly 29,997 MWh" that were sold into the voluntary market. The Department of Energy's National Renewable Energy Lab (NREL) has estimated that the national voluntary market nationwide has seen annual growth rates of around 10%.¹ There are markets today for Arizonians' RECs that put cash in the pockets of home and business owners, an economic opportunity that will likely grow over the upcoming years. However, the Track and Monitor accounting method does not assure these citizens that they will be able to sell their products or be the sole claimants of the benefit their systems create.

Concerns raised by CRS, NRG, and other docket participants on Track and Monitor and double counting of RECs are indeed valid. The central problem of Track and Monitor is the reporting and use of renewable energy to modify (i.e. reduce) utilities' REST DG target without the corresponding RECs.

¹ L. Bird, J. Heeter, "Status and Trends in U.S. Compliance and Voluntary Renewable Energy Certificate Markets (2010 Data)," Golden, CO: National Renewable Energy Laboratory, pg. vi, Oct. 2011

Unless the DG target were modified by legislative or commission action, reducing renewable energy requirements through claiming others' renewably generated energy (specifically those home and business owners who have declined incentives in lieu of keeping their RECs) would constitute double counting. Once double counted, RECs are meaningless for compliance with federal mandates, corporate sustainability goals, or for sale to willing buyers (of which there are many). CRS's guidance on double counting represents broadly accepted practices for the voluntary market; its recommendations and analyses are the norm and are reflected in federal programs, regional energy registries, and building performance standards.

REMA is aware of several potential solutions before the Commission, including those proposed by the utilities, ACC staff, and RUCO, among others. However, many of these participants have outright dismissed the concept of a REC marketplace for procuring RECs as too expensive. Without a review of marketplace's costs and benefits for utilities' compliance, utilities could be missing an opportunity to procure RECs at lower costs than providing incentives for new solar generation. Additionally, a REC marketplace or auction mechanism would avoid double counting concerns and offer a clear pathway to compliance. REMA recommends that the Commission request a brief review of the likely costs and benefits of launching and maintaining a REC marketplace for the purpose of REST DG compliance.

Again, REMA wishes to thank the ACC for consideration of its comments in response to Docket No: E-01345A-10-0394. Should a member of the commission have questions, please do not hesitate to contact us with the information seen below.

Sincerely,



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